



ICG's new website address is www.ic-group.com. Our services have expanded. We are also excited to share new relationships in the Social Compliance space, in particular with the addition to our offering of SLCP Verification services and our growing association with the Sustainable Apparel Coalition. We spotlight SLCP in this issue of the newsletter.

Americas

Stage Stores to File Bankruptcy, Plans to Liquidate

Houston, Texas-based Stage Stores has filed for Chapter 11 bankruptcy with plans to liquidate its business if no buyer or investor is found to bail it out from its serious predicament. Stage Stores operates under the names of Bealls, Palais Royal, Peebles, Stage, Goody's and its off-price Gordman's. It has not paid rent on any store since March 2020.

Source:https://www.retaildive.com/news/stage-stores-files-for-bankruptcy-with-plans-to-liquidate-unless-a-savior/577658/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-05-11%20Daily%20Dive%20%5Bissue:27265%5D&utm_term=Retail%20Dive

Montreal-based Aldo Files for Bankruptcy

Aldo filed for bankruptcy in Canada, filed for Chapter 15 bankruptcy for its stores in the US and plans to do the same for its stores in Switzerland. Its stores are closed in compliance with the Covid-19 requirements but its online businesses, Aldo, Call it Spring and Globo will continue operating through the pandemic and bankruptcy.

Source:<https://footwearnews.com/2020/business/financial-news/aldo-group-bankruptcy-1202981570/>



Over 40 Million Americans Filed for First-Time Unemployment Benefits

Over 25% of the US workforce has filed for unemployment benefits for the first time in their careers, over 40,000,000 people just in the last 10 weeks. This is the first time in US history that more than 1,000,000 jobless claims were filed in the US. During the week of May 18, 2,100,000 new claims were filed. A new program for people who normally don't qualify for unemployment benefits, such as freelancers, now have a pandemic relief program to apply for which saw 1,200,000 new applications. The unemployment rate for May is expected to be close to 20%.

Source: <https://www.cnn.com/2020/05/28/economy/unemployment-benefits-coronavirus/index.html>

Under Armour Turnaround Stalled by Coronavirus

The athletic apparel and footwear company's turnaround plans were stopped dead by the forced closure of its retail stores causing a drop in revenue of \$930.2 million and a drop in apparel sales of \$598 million with an additional drop in accessories revenue of \$68 million. The firm plans to trim operating costs by \$325 million, which will include layoffs of retail employees. Second quarter sales are expected to be worse.

Source: https://www.cnbc.com/2020/05/11/under-armour-uaa-reports-q1-2020-earnings.html?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-05-11%20Daily%20D

JC Penney Files for Bankruptcy

Years of declining sales, multiple changes in strategy through a succession of chief executives and the Coronavirus finally drove the century old retailer into bankruptcy. The company announced plans to close 242 stores through 2021 and remake itself with innovations and re-envisioned merchandise offerings. The



company has a good store of cash on hand but industry observers do not believe the chain, wed to retail malls, will reopen and will close all locations permanently.

https://www.retaildive.com/news/jc-penney-files-for-bankruptcy/578088/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202020-05-18%20Daily%20Dive%20%5Bissue:27401%5D&utm_term=Retail%20Dive

Pier 1 to Shut Down All Stores. Going Out of Business

US Federal Bankruptcy Court approved Pier 1's plans to liquidate all inventory and close all stores including its intellectual property and e-commerce business. The bankruptcy court will oversee the liquidation and sale of assets.

Source: <https://www.retaildive.com/news/pier-1-to-permanently-shut-stores-wind-down-business/578225/>

McKinsey Predicts "Significant Number" of Fashion Company Bankruptcies

"The average market capitalization of apparel, fashion and luxury players dropped almost 40 percent between the start of January and March 24, 2020 — a much steeper decline than that of the overall stock market."

"If stores remain closed for two months, McKinsey analysis approximates that 80 percent of publicly listed fashion companies in Europe and North America will be in financial distress. Combined with the McKinsey Global Fashion Index (MGFI) analysis, which found that 56 percent of global fashion companies were not earning their cost of capital in 2018, we expect a large number of global fashion companies to go bankrupt in the next 12 to 18 months."

Source: The State of Fashion 2020: Coronavirus Update, Business of Fashion and McKinsey & Company



A brief note on SLCP



The Social & Labor Convergence Program SLCP is an initiative of multiple stakeholders focused upon the apparel and footwear industry which got together to develop a framework to reduce audit fatigue and improve working conditions throughout the apparel and footwear supply chain. The vision of SLCP is to create a single, converged assessment process and foster collaborative actions among stakeholders to yield improved working conditions. Its mission is to implement the converged assessment framework to support stakeholders' efforts to improve working conditions in global supply chains.

SLCP has created the Converged Assessment Framework (CAF), which consists of a Data Collection Tool, a Verification Protocol and Verifier Guidance mechanism. Through the implementation of the CAF, SCLP "aims to eliminate duplicative proprietary social audits and to free up resources that can be redirected to improving working conditions."

For more information on the Social and Labor Convergence program visit www.slconvergence.org



EAME

UAE Central Bank Moves to Mitigate Covid Impact

The UAE Central Bank loaned €65 to banks at zero interest in order to stimulate lending to businesses to stimulate the economy and to mitigate the downturn effect of the Covid-19 virus. Businesses in the UAE have expressed optimism that a return to normal should take place within 3-6 months.

<https://www.euronews.com/2020/05/22/coronavirus-uae-moves-to-mitigate-economic-fallout>

Zalando Going Fully Sustainable by 2023

The online-only fashion retailer, with over 2,000 brands offering their wares, announced that all brands selling on the platform must submit their supply chain information by 2023 to demonstrate they meet the company's sustainability goal, or submit an action plan to do so, or stop selling on the website. The sustainability plan requires following the Sustainable Apparel Coalition's Higg Brand and Retail Module which focuses on the areas of human rights, fair wages and carbon dioxide emissions.

Source: <https://www.euronews.com/living/2020/05/29/europe-s-largest-online-fashion-store-to-only-sell-sustainable-brands-from-2023>

Asia

Bangladesh Hit Hard by Global Financial Disaster

With retail and online sales of apparel down across the globe, Bangladesh, the second largest producer of apparel in the world, has seen revenue dry. Retailers and brands have refused to pay for goods shipped, already received or in process resulting in about US\$3 billion of losses to the factories, according to the Bangladesh Garment Manufacturers and Exporters Association. The industry



employs more than four million people with industry estimating that over half of the workers, the majority of them women, have been laid off. Workers clashed with police while demanding payment of their wages. The government stepped in.

Source: <https://cnafluxury.channelnewsasia.com/obsessions/fast-fashion-industry-supply-chain-covid-19-12790758>

100,000+ Jobs Lost to Cambodian Apparel Workers

The drop in global apparel sales is having a dramatic negative impact upon Cambodia garment factories, the largest employer in the country with over 750,000 workers. Over 130 factories have asked the government for permission to suspend their operations, either partly or entirely. This has led to the temporary or permanent dismissal of over 100,000 workers, which is likely to increase in the coming weeks and months. Alternative jobs may be difficult to find as tourism has stopped due to closed borders in Cambodia and around the region. The situation in Vietnam and Myanmar is much the same.

Source: <https://www.dw.com/en/coronavirus-brings-trouble-to-cambodias-garment-industry/a-53284224>

China's Manufacturing Grows for Three Consecutive Months

For the third straight month, China's Purchasing Manager's index was above 50.0 and came in at 50.6 for the month of May. The index hit a low of 35.7 in February, the lowest in history. Government moves to ease taxes and fees for small and medium-sized businesses, plus efforts to help large companies resume production quickly received credit for the uptick in activity once the virus was largely contained. However, the sub-index for export orders moved to 35.3 showing a continuing drop in demand for supply to export customers.

<https://www.cnbc.com/2020/06/01/china-economy-caixinis-markit-may-2020-manufacturing-pmi.html>

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About International Compliance Group

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International Compliance Group is a privately held US based organization focused on social compliance monitoring. Since 1999 our auditors around the world have supported Corporate Social Responsibility programs through third party audits. Our auditors leverage decades of combined experience in labor-intensive industries to provide a unique, operationally relevant set of audit skills, treating social compliance as a business supporting activity and not a required checklist exercise. ICG is a WRAP approved monitor, member of the Sedex Stakeholder's Forum, member of APSCA and signatory of SLCP.

Third Party Assessment Services:



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